

FREQUENTLY ASKED QUESTIONS (FAQ'S)
BANK INDONESIA REGULATION NO. 14/5/PBI/2012 ON JUNE 8,
2012 CONCERNING THE AMENDMENT TO BANK INDONESIA
REGULATION NO. 12/11/PBI/2010 CONCERNING MONETARY
OPERATIONS

1. Q What is the background of this amendment to the regulation on Monetary Operations?

A The amendment to Bank Indonesia Regulation is made in the context of the improvement of domestic economic resilience through liquidity management and augmentation of monetary operation instruments in order to support the development of domestic foreign currency market and the achievement of the operational targets of monetary policy.

2. Q What are the subjects of regulation in this Bank Indonesia Regulation?

A This Bank Indonesia Regulation provides for, among other things, as follows:

- a. improvement of the types of OMO activities such as, among other things, by adding transaction on Term Deposit in Foreign Currency;
- b. features of transaction on Term Deposit in foreign currency;
- c. improvement of obligations which must be fulfilled by Monetary Operation participants, particularly in relation

to the transaction of Term Deposit in foreign currency;

- d. improvement of sanctions for violation of obligation in relation to Monetary Operations.

3. Q Can we do early redemption on our Term Deposits in foreign currency?

A You can do early redemption on Term Deposits in foreign currency to the extent that it complies with the procedures and requirements as provided for in Bank Indonesia Circular Letter.

4. Q Can we convert our Term Deposits in foreign currency into different type of transaction?

A Term Deposit in foreign currency can be converted into swap transaction on the sale of USD/IDR by Bank Indonesia. The aforementioned swap transaction is a transaction on the purchase of US Dollar by Bank Indonesia through spot purchase, followed by forward transaction on the resale of US Dollar by Bank Indonesia conducted simultaneously at a price determined and agreed upon on the date of the transaction.

5. Q Can Term Deposit in foreign currency be used as deductible in the calculation of Net Open Position?

A Yes. Term Deposit in foreign currency can be used as deductible for the total Net Open Position which must be maintained by Bank at the end of business day as referred to in Bank Indonesia regulation concerning net open position of commercial banks.

For such matter, Monetary Operation Participants must report on a daily basis the total Net Open Position at the end of business day after calculating term deposit in foreign currency as deductible. In the event that Monetary Operation participants fail to make such report, the Term Deposit in foreign currency may not be calculated as deductible for Net Open Position.

6. Q Is there any sanction in relation to Term Deposit in foreign currency?

A Yes. Sanctions to be imposed on a Participant of Term Deposit in foreign currency failing to fulfill the settlement obligation are in the form of obligations to provide adequate funds in Bank Indonesia or to transfer adequate funds to Bank Indonesia account for the purpose of the settlement of obligations on the date of transaction settlement. In this case, the aforementioned participant is subject to sanctions in the form of written reprimand and financial penalty.